

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 XMB-04 SP-02 AID-05 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 AGR-10

SWF-01 CIAE-00 INR-07 NSAE-00 /076 W

----- 051355

P R 130758Z DEC 74

FM AMEMBASSY JAKARTA

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 5669

AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 15003

DEPT PASS EXIM

STATE FOR EA/IMS GEBER

USDOC FOR BIC/OED/MEPD & OIM

E.O. 11652: N/A

TAGS: BEXP, ID

SUBJ: SUGAR MILL CONSTRUCTION

REFS: A) STATE 5790

B) JAKARTA 15001 (NOTAL)

C) JAKARTA 14462

D) SURABAYA 0532

E) JAKARTA 15002 (NOTAL)

1. BEGIN SUMMARY. EMBASSY APPRECIATES REF (A)

PARA 6 SUGGESTION RE USG LED TEAM TO PRESENT

PROPOSAL. HOWEVER, DESPITE GOI REF (C) INVITATION

FR EXPRESSIONS OF INTEREST, WE NOT YET CONVINCED

MATTER HAS ACTUALLY REACHED FORMAL PROPOSAL

PRESENTATION STAGE. WE THEREFORE WISH DEFER THIS

OPTION AND CONCENTRATE ON LARGER EVENT PROPOSED

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REF D. END SUMMARY.

2. AS SUGGESTED PARA CC.6 OF GOI TELEX QUOTED REF (C) AND ALSO PARA 2 AND 7 REF (B), GOI WILL ONLY BE IN POSITION SERIOUSLY ENTERTAIN PROPOSALS WHEN FOREIGN GOVERNMENT(S) INDICATE WILLINGNESS PROVIDE "EXPORT CREDIT FACILITIES". SO FAR ONE OF GOI'S BEST FINANCING ALTERNATIVES APPARENTLY U.S. EXIM. EXIM REQUIRES FEASIBILITY STUDY (REF B) WHICH NOT DUE UNTIL MARCH. IN MEANTIME, GOI EXPLORING OTHER G TO G FINANCING POSSIBILITIES IN UK, FRANCE AND BELGIUM. PROSPECT OF EVENTUAL EXIM FINANCING HOPEFULLY WILL ENABLE U.S. REMAIN IN COMPETITION BECAUSE OF NUMEROUS PROJECTS UNDER CONSIDERATION. HOWEVER, POSSIBILITY EXISTS SOME COUNTRY(S) MAY EVEN BE WILLING OFFER FINANCIAL COMMITMENT WITHOUT WAITING FOR COMPLETION OF TATE LYLE (UK) FEASIBILITY STUDY.

3. THUS MAIN THING WE CAN DO AT THIS JUNCTURE IS BE SURE INTERESTED U.S. FIRMS SEND SOLID EXPRESSIONS THEIR INTEREST AND CAPABILITY TO BKU/PNP AS REQUESTED REF (C). LACKING SUCH US RESPONSE, BKU/PNP OFFICIALS ARE LIKELY TO DISCOUNT US FIRMS' POTENTIAL, AS EXPRESSIONS OF INTEREST BEGIN COMING IN FROM OTHER COUNTRIES. WE MUST ASSURE WHEN BKU/PNP EVENTUALLY INVITES MORE DETAILED PROPOSALS THAT U.S. FIRMS ARE PROMINENTLY REPRESENTED AMONG LIST INVITEES.

4. MEANWHILE, EMBASSY SUSPECTS REAL THREAT TO OUR POSITION LIES NOT SO MUCH IN IMMEDIATE FOREIGN RESPONSE TO GOI REQUEST FOR EXPRESSIONS INTEREST BUT RATHER IN LONGER TERM COMPETITION FROM WELL ENTRENCHED FOREIGN FIRMS OFFERING EQUAL OR BETTER HOME GOVERNMENT ASSISTED FINANCIAL TERMS. NOW THAT SUGAR PROJECT FINANCING HAS BEEN OPENED UP TO OTHER COUNTRIES, FOREIGN COMPETITORS--WHOSE REPUTATIONS MUCH STRONGER THIS SECTOR THAN U.S.--MAY SUBMIT FINANCIAL PROPOSALS COMPARABLE TO OR BETTER THAN U.S. EXIM TERMS AND

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CARRY BUSINESS DESPITE U.S. INTEREST.

5. TO COUNTER THIS TENDENCY WE NEED TAKE POSITIVE ACTION NOW DESIGNED PUT U.S. SUGAR EQUIPMENT ON MAP, SO TO SPEAK, IN INDONESIA. WE THEREFORE PREFER HOLD IN RESERVE SUGGESTED REF (A) TEAM VISIT INTENDED FOR PROPOSAL PRESENTATION WHILE ACCELERATING REF (D)

REQUESTED TRADE MISSION/CATALOG EVENT, WHICH
WE THINK BETTER SUITED FOR MISSIONARY SALES
TASK OF INTRODUCING AND ESTABLISHING IDENTIFIABLE
IMAGE FOR U.S. PRODUCTS. HOPEFULLY DURING SUCH
EVENT OBJECTIVES OF REF (A) SUGGESTED TEAM VISIT
MIGHT ALSO BE ACHIEVED. WE WOULD, HOWEVER, LIKE
KEEP REF (A) TEAM VISIT AS ADDITIONAL OPTION
SHOULD EVENTS BEGIN OVER-TAKING REF (D) EVENT
PLANNING.

6. ACTION REQUESTED. PLEASE REPLY REF (D) AND
INDICATE EARLIEST POSSIBLE DATE CATALOG SHOW
AND TRADE MISSION CAN BE MOUNTED.

7. PLEASE CONTINUE URGE ALL INTERESTED U.S. FIRMS
SUBMIT EXPRESSIONS INTEREST TO BKU/PNP PER REF
(C) AND REQUEST THEY SEND EMBASSY ONE COPY SO
WE MAY FOLLOW-UP WITH BKU/PNP.

8. PLEASE INCLUDE SURABAYA AS ACTION OR INFO
ADDRESSEE ON ALL RPT ALL COMMUNICATIONS RE
SUGAR. TOUSSAINT

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